

I am a firm believer in a free-market capitalist economy, but I was deeply troubled to learn that much of the economic crisis was due in large part to risky behavior and decision making by both financial firms and consumers. The outdated regulatory architecture put in place to protect our economy as a whole failed us. Sadly, without the proper oversight and transparency there are very few incentives for protecting consumers and maintaining responsible business practices.

Wall Street Reform

For years, government, led by Republicans and Democrats alike, looked the other way as Wall Street and the Big Banks exploited loopholes, gambled your money on complex schemes, and rewarded failure and recklessness. America's families and small businesses paid the price. We lost 8 million jobs and \$17 trillion in retirement savings and Americans' net worth. A record number of foreclosures ravaged our communities, and credit disappeared from small businesses.

By passing common-sense Wall Street Reform, we have taken significant action to eliminate taxpayer-funded bailouts, hold big banks accountable, and ensure that our economy is never again held hostage by recklessness on Wall Street.

The *Wall Street Reform and Consumer Protection Act* creates new procedures to shut down "too big to fail" financial firms before risky and irresponsible behavior threatens to bring down the entire economy. It ends costly taxpayer bailouts with new procedures to unwind failing companies that pose the greatest risk - paid for by the financial industry and not the taxpayers. Additionally, it imposes tough new rules on the riskiest financial practices, including a strong "Volcker rule" that restricts large financial firms with commercial banking operations from trading in speculative investments.

The bill establishes a new Consumer Financial Protection Bureau to protect families and small businesses by ensuring that bank loans, mortgages, and credit cards are fair, affordable, understandable, and transparent. It will end abusive predatory lending practices that occurred during the subprime lending frenzy by establishing a simple federal standard for all home loans, requiring additional disclosures for consumers on mortgages and establishing new penalties for irresponsible lending.

The Wall Street Reform bill also brings to an end the Troubled Asset Relief Program (TARP) or Wall Street bailout. The bill bans any new programs under TARP and requires that repayments of TARP investments be used to reduce the national debt. Congresswoman Kosmas has been

focused on bringing the TARP program to an end. Last year, she voted against the release of the second half of TARP funds and introduced the TARP Sunset and Fiscal Responsibility Act, legislation that would end the TARP program and use the remaining funds to pay down the debt. [Read More](#)

Protecting Consumers Rights Regarding Financial Products

I proudly supported the Credit Cardholders' Bill of Rights (H.R. 627), which gave consumers the rights and information about credit cards that will help them make educated decisions about their financial lives and could save some families thousands of dollars.

Credit-card debt in the U.S. has reached a record high -nearly \$1 trillion -- and almost half of American families currently carry a balance, and their average balance was \$7,300 in 2007. One-fifth of those carrying credit-card debts pay an interest rate above 20 percent. In 2008, credit-card issuers imposed \$19 billion in penalty fees on families with credit cards.

This legislation applies common-sense regulations that would ban unfair rate increases and forbid abusive fees and penalties. For example, it will prohibit retroactive interest rate hikes on existing balances, double-cycle billing (charging interest twice for balances paid on time), and due-date gimmicks. It will also require 45-days' advance notice of interest rate, fees, and finance charges hikes, and requires payments to be applied fairly to the highest interest rate balance first. By providing consumers with clear information and transparency, families will be better equipped to manage their finances in these difficult times. [Read More](#)